

# South Carolina Board of Economic Advisors

## Statement of Estimated State Revenue Impact

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**Date:** April 8, 2008

**Bill Number:** S. 1143

**Author:** McConnell, Martin, Alexander, Hayes, Hutto, et. al.

**Committee Requesting Impact:** Senate Finance Committee

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### Bill Summary

To amend Section 12-36-2120, Code of Laws of South Carolina, 1976, relating to exemptions from the state sales tax, so as to include the gross proceeds of sales or the sales price of energy efficient appliances.

### REVENUE IMPACT <sup>1/</sup>

This bill is expected to reduce state sales and use tax revenues by an estimated \$2,480,412 in FY2008-09. Of this total, \$1,653,608 will be a reduction in General Fund sales and use tax revenues, \$413,402 will be a reduction in EIA funds, and \$413,402 will be a reduction in homestead exemption funds for homeowner tax relief in FY2008-09.

### Explanation

This bill would amend Section 12-36-2120 by creating two sales tax holidays starting October 1, 2008 through October 31, 2008 and April 1, 2009 through April 30, 2009 exempting the sales tax on the purchase of noncommercial home and personal energy efficient products meeting or exceeding the ENERGY STAR program requirements of the U.S. Environmental Protection Agency and the U.S. Department of Energy. Qualifying products include dishwashers, clothes washers, air conditioners, ceiling fans, fluorescent light bulbs, dehumidifiers, programmable thermostats, refrigerators, doors, and windows. Based upon Energy Star appliance shipment and market share data, the BEA estimates that \$248,041,175, or \$20,670,098 per month, will be spent on noncommercial home and personal Energy Star energy efficient products each month. Multiplying \$20,670,098 by two months of sales tax holidays and applying a sales tax rate of six percent yields a reduction in state sales and use tax revenues of an estimated \$2,480,412 in FY2008-09.

Of this total, \$1,653,608 will be a reduction in General Fund sales and use tax revenues, \$413,402 will be a reduction in EIA funds, and \$413,402 will be a reduction in homestead exemption funds for homeowner tax relief in FY2008-09.

/s/ William C. Gillespie

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<sup>1/</sup> This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.